

**REMARKS**

Claims 1-5, 7-18, 20-24, 26-37, 39-43, 45-56, and 58-61 are all the claims presently pending in the application, and stand rejected on prior art grounds. Claims 7, 8, 26, 27, 45, and 46 are amended herein. In particular, claims 7 and 8 are amended to change the dependency to claim 1; claims 26 and 27 are amended to change the dependency to claim 20; and claims 45 and 46 are amended to change the dependency to claim 39. No new matter is being presented. The changes made herein are pursuant to a telephone interview with the Examiner on June 16, 2005, in which the dependency of the above-referenced claims was discussed, with the changes proposed by the undersigned attorney and accepted by the Examiner. Furthermore, the Examiner indicated that, for purposes of appeal, this amendment would be entered. Applicants respectfully traverse the prior art rejections based on the following discussion.

**I. The 35 U.S.C. §103 Rejections**

Claims 1-18, 20-37, 39-56 and 58-61 stand rejected under 35 U.S.C. §103(a) as being unpatentable over Freeny, Jr. (U.S. Patent No. 6,513,016), hereinafter referred to as "Freeny" in view of Godin, et al. (U.S. Patent No. 5,890,138), hereinafter referred to as "Godin". Claims 19, 38 and 57 stand rejected under 35 U.S.C. §103(a) as being unpatentable over Freeny, Jr., in view of Godin and Schulze, Jr. (U.S. Patent No. 6,497,360), hereinafter referred to as "Schulze". Applicants respectfully traverse these rejections based on the following discussion.

The claimed invention, as provided in independent claims 1, 20, and 39 contain features, which are patentably distinguishable from the prior art references of record. Specifically, claim 1 includes the limitations of previous claims 6 and 19, claim 20 includes the limitations of previous claims 25 and 38, and claim 39 includes the limitations of previous claims 44 and 57.

Accordingly, claims 6, 19, 25, 38, 44, and 57 have been without prejudice or disclaimer.

As such, the independent claims 1, 20, and 39 include the general limitations that the storing and analyzing of the demand data is by a statistical method/means that generates the promotion scheme parameters for different market segments, and wherein storing and analyzing the demand data receives the data from an electronic coupon issuing system as a feedback in order to dynamically learn, adapt and improve generation of said promotion scheme parameters.

There would simply be no motivation for one of ordinary skill in the art to combine Freeny, Godin, Schulze together with teachings taken as Official Notice to try and teach the claimed invention.

Freeny in combination with Godin and Schulze is legally unjustified, especially since each of Freeny, Godin, and Schulze take mutually exclusive paths to solve wholly unique solutions, and do not provide motivation for combination with one another. Insofar as references may be combined to teach a particular invention, and the proposed combination of Freeny with Godin, and Freeny with Godin and Schulze, case law establishes that, before any prior-art references may be validly combined for use in a prior-art 35 U.S.C. § 103(a) rejection, the individual references themselves or corresponding prior art must suggest that they be combined. Graham v. John Deere Co., 383 U.S. 1, 86 S.Ct. 684, 15 L.Ed.2d 545, U.S.P.Q. 459 (1966) provides the correct factual inquiries which establish a background for determining obviousness under 35 U.S.C. § 103(a). The cited tests clearly indicate that the claimed invention is unobvious in light of Freeny, Godin, and Schulze.

First, the scope and content of each of Freeny, Godin, and Schulze are clearly different from the claimed invention. Freeny teaches an automated product pricing system including a physical store system, a virtual store system, and a control system. The physical and virtual store

systems are capable of transmitting sales data indicative of the number of sales of identified respective products. The control system is adapted to receive the sales data from the physical store system and the virtual store system. In response thereto, the control system generates price change data including a changed price of an identified product based on the sales data received from at least one of the physical and virtual store systems. The price change data is then transmitted by the control system to at least one of the physical and virtual store systems to thereby change the price of the identified product.

Godin teaches an auction system is disclosed which allows users to participate using their own computers suitably connected to the auction system. Preferably, this connection uses the Internet. Godin involves a method and system for providing rapid feedback of a reverse auction process and removes the user from the process once an indication to purchase has been received. Rapid feedback in combination with security of information is achieved with the method and auction system.

Schulze teaches a method and apparatus for accurately collecting and promptly reporting information in connection with the redemption of manufacturer coupons. The method includes the collection of information from a retailer point-of-sale system, and the examination of redeemed coupons. Where matches between product sales, discounts to consumers and redeemed coupons can be made, payment to the retailer of discounts extended to consumers in exchange for manufacturer authorized coupons is immediately made following such verification. In addition, information concerning the redemption of coupons is made available to manufacturers to enable them to adjust promotions to achieve the desired marketing effect. The apparatus may comprise a central processing unit and attached peripherals capable of interfacing with a retailer point-of-sale system and downloading information from the point-of-sale system,

together with secure storage for holding coupons that are to be verified by the apparatus.

These references are each different and wholly unique from the claimed invention, as Freeny generally describes an advertising technique, Godin generally describes an auction system, and Schulze generally describes a coupon system. Conversely, the claimed invention is directed to a system and method for generating promotional scheme parameters for electronic coupons using market demand data from online auctions. Thus, while the claimed invention incorporates aspects of each of auction, advertising, and coupon systems, they are clearly not the sole focus of the claimed invention. Furthermore, the prior art references do not discuss the market segment of the bidders being an important input to the promotional scheme design, whereas the claimed invention discusses how the market segment of the bidders from whom the demand curve is being determined be used to decide the market segment for electronic coupon distribution. In fact, different market segments may behave differently and this information is very useful to decide the discount value and time period for different market segments. Furthermore, the prior art does not discuss using multiple sources of demand data to arrive at promotional scheme parameters, which the claimed invention does. Thus, the scope and content of the prior art references are each unique from the claimed invention.

Second, there are significant elements of the claimed invention, which are neither taught nor suggested in each of Freeny, Godin, and Schulze. For example, Freeny's advertising system provides a pricing system based on purchasing trends of shoppers. Conversely, the claimed invention uses the market data to establish parameters for issuing redeemable coupons. Thus, the establishment of pricing structures for various goods is a different concept than generating coupons based on market demand data. In another example, Godin's auction system provides an auction for selling goods but does nothing to consolidate data from the auction to further a

business model. Conversely, the claimed invention uses data obtained from online auctions to determine promotion scheme parameters for the subsequent issuance of redeemable electronic coupons. Furthermore, Schulze's coupon system does not improve the generation of promotional scheme parameters used to generate electronic coupons.

Third, the level of one of ordinary skill in the art is that of a programmer who works in information systems. Thus, such an individual, at the time of the invention, would not find the claimed invention obvious in light of Freeny, Godin, and Schulze. In fact, it is unlikely that such an individual would have thought to combine the separate and distinct teachings in Freeny, Godin, Schulze, and the teachings taken as Official Notice to yield the claimed invention. However, even if such an individual were to be so motivated, he/she would still fail to yield the claimed invention based on the combination of Freeny, Godin, Schulze, and so-called "well-known" precepts as discussed above, and further discussed below.

Fourth, the highly complex manipulation of three separate and individually complex formulations which are provided in each of the prior art references, Freeny, Godin, and Schulze, individually, would not likely be easily combined by one of ordinary skill in the art in the manner suggested in the Office Action, let alone, in the manner provided by the claimed invention, which is indicative of the claimed invention being unobvious in light of Freeny, Godin, and Schulze. Additionally, the fact that three separate and distinct references and teachings taken as Official Notice must be combined to try and teach the invention, but failing nonetheless, is indicative of the claimed invention being unobvious. In fact, the USPTO has classified (based on the U.S. classification and international classification identifiers) the invention taught in Schulze differently than either Freeny or Godin. This strongly indicates that the references are non-analogous.

Thus, the claimed invention meets the above-cited tests for obviousness by including embodiments such as storing and analyzing of the demand data is by a statistical method/means that generates the promotion scheme parameters for different market segments, and wherein storing and analyzing the demand data receives the data from an electronic coupon issuing system as a feedback in order to dynamically learn, adapt and improve generation of said promotion scheme parameters. As such, all of the claims of this application are, therefore, clearly in condition for allowance, and it is respectfully requested that the Examiner pass these claims to allowance and issue.

Applicants reiterate that Freeny says nothing regarding generating market information using parameters associated with bidders of online auctions. In fact, all of the parameters associated with the advertising system in Freeny relate to quantitative data relating to inventory, time spent at the on-line store, amount purchased, and price. For example, col. 11, lines 27-40 of Freeny state, "The owner control system 12 receives sales and inventory data from the physical store systems 14 and/or the virtual store system 18. The sales and inventory data is indicative of product purchases, rate of product purchases and the remaining inventory at the physical store systems 14 and/or the virtual store system 18. Based on the sales and inventory data, the owner control system 12 is programmed to automatically output order data to order products from the product suppliers associated with the product supplier systems 16. The order data can be individualized for each of the physical store systems 14 and/or the virtual store system 18 so that the ordered products are shipped from the suppliers to the correct locations." As such, there is nothing in Freeny that suggests other non-quantitative factors are used to provide targeted advertising or for generating coupons.

Furthermore, col. 3, lines 14-33 of Freeny indicates that the inventors in Freeny

envisioned that the owner control system 12 communicates with the physical store systems 14, and that the physical store systems 14 are located in physical locations such as shelves, boxes, slots, or other storage areas in retail supermarkets, drug stores, supply stores, inventory stocking areas, assembly sites, warehouses, or distribution facilities. Conversely, the claimed invention automatically obtains "market demand data from defined sources of online auctions." Such data is not derived from a physical location as in Freeny, but rather in a non-physical online auction. Again, Freeny specifically refers to "physical locations" and that the Freeny system is "envisioned" to be adaptable in physical locations and not in non-physical locations such as online auctions. While, the online auctions take place using computers, which are physical devices, it is the actual online auction (non-physical) which provides the data input from which electronic coupons are generated in the claimed invention. Thus, Freeny actually teaches away from the claimed invention and actually tends to suggest an undesirable combination with an auction system such as the one provided in Godin.

Similarly, Godin is also bereft of any language relating to non-quantitative parameters used in generating market information. As with Freeny, all of the parameters associated with the auction system in Godin relate to quantitative data relating to price, quantity of product available, and time intervals relating to the auction and the goods offered in the auction. For example, step 78 in Figure 2 of Godin suggests that the auction system in Godin gathers personal information. However, col. 4, lines 45-47 in Godin suggest that this personal information only relates to the user's "credit card number and expiry date." Furthermore, col. 7, lines 15-21 in Godin suggest storing user data in a database, whereby the data includes the "user's name and address and E-mail address, as well as credit card information." All of these parameters constitute quantitative parameters. As such, there is nothing in Godin that suggests other non-quantitative factors are

used to provide targeted advertising or for generating coupons.

Likewise, Schulze does not teach or suggest using non-quantitative parameters for generating market information. In the coupon system in Schulze, there is no teaching relating any parameters attributed with the consumer's personal information/data to the coupon generation process. In fact, Schulze only very generically describes storing consumer data in the form of consumer identity "in connection with the sale of the product" (see col. 7 line 67 to col. 8 line 7 in Schulze). As such, there is nothing in Schulze that suggests parameters at all, let alone non-quantitative factors, are used to provide targeted advertising or for generating coupons.

Additionally, there is no suggestion in Freeny, Godin, or Schulze how non-quantitative factors could be stored, and most importantly, considered by the respective systems for generating coupons. This is truly a unique feature of the claimed invention, which is able to garner this type of information, store it, process it, and use it for generating coupons. Thus, even if Freeny were combined with Godin or if Freeny were combined with both Godin and Schulze, it would still fail to teach or suggest to one of ordinary skill in the art how this generation of coupons would occur given an input of non-quantitative parameters.

The Office Action suggests that "[the word] culture is such a broad term that any characteristic can be used to define a "culture"." However, the Merriam-Webster dictionary generally defines "culture" as:

The integrated pattern of human knowledge, belief, and behavior that depends upon man's capacity for learning and transmitting knowledge to succeeding generations; the customary beliefs, social forms, and material traits of a racial, religious, or social group; the set of shared attitudes, values, goals, and practices that characterizes a company or corporation.

The Office Action suggests that a person's name and city are considered to be cultural



attributes of a person. However, based on the above-recited definition provided by a reference that is generally considered to be an acceptable and standard reference, it is evident that the interpretation of "cultural" provided in the Office Action is erroneous, overbroad, and legally unjustified.

In view of the foregoing, the Applicants respectfully submit that the cited prior art references do not teach or suggest the features defined by independent claims 1, 20, and 39 and as such, claims 1, 20, and 39 are patentable over Freeny alone or in combination with Godin or with Godin and Schulze or with the purported teachings provided as Official Notice. MPEP §2144.03 provides that an "examiner may take official notice of facts outside of the record which are capable of instant and unquestionable demonstration as being 'well-known' in the art," quoting *In re Ahlert*, 424 F.2d 1088, 165 USPQ 418, 420 (CCPA 1970). However, Applicants challenge how well-known it is to (1) estimate the market demand curve and the price elasticity for an auction item or product or service from a plurality of demand data sources as in the claimed invention; (2) suggest the discounting of a substitute of the product or item or service being auctioned as in the claimed invention; (3) suggest that the item being auctioned is a competitor's item and the substituted product is promoter's own [item] as in the claimed invention; and (4) suggest discounting of a cross selling or an up selling product to the product being auctioned as in the claimed invention. Therefore, Applicants respectfully make a demand for evidence which supports the proposition asserted in the Office Action as to the whether the above-identified elements are in fact well-known. MPEP §2144.03 goes on to indicate that "assertions of technical facts in areas of esoteric technology must always be supported by citation of some reference work" and "allegations concerning specific 'knowledge' of the prior art, which might be peculiar to a particular art should also be supported." The Applicants suggest that the

claimed invention may constitute esoteric technology, and as such requires support by citation of some reference work by the Examiner. Moreover, MPEP §2144.03 further states that "[t]he facts so noticed serve to 'fill the gaps' which might exist in the evidentiary showing and should not comprise the principle evidence upon which a rejection is based." Applicants suggest that the Office Action has used the so-called well-known facts as the principle evidence to make its rejection and not merely to "fill the gaps".

Further, dependent claims 2-5, 7-18, 21-24, 26-37, 40-43, 45-56, and 58-61 are similarly patentable over Freeny alone or in combination with Godin or with Godin and Schulze or with the purported teachings provided as Official Notice, not only by virtue of their dependency from patentable independent claims, respectively, but also by virtue of the additional features of the invention they define. Thus, the Applicants respectfully request that these rejections be reconsidered and withdrawn.

Moreover, the Applicants note that all claims are properly supported in the specification and accompanying drawings, and no new matter is being added. In view of the foregoing, the Examiner is respectfully requested to reconsider and withdraw the rejections.

## **II. Formal Matters and Conclusion**

In view of the foregoing, the Examiner is respectfully requested to reconsider and withdraw the rejections to the claims. In view of the foregoing, Applicants submit that claims 1-5, 7-18, 20-24, 26-37, 39-43, 45-56, and 58-61, all the claims presently pending in the application, are patentably distinct from the prior art of record and are in condition for allowance. The Examiner is respectfully requested to pass the above application to issue at the earliest possible time.

Should the Examiner find the application to be other than in condition for allowance, the Examiner is requested to contact the undersigned at the local telephone number listed below to discuss any other changes deemed necessary. Please charge any deficiencies and credit any overpayments to Attorney's Deposit Account Number 09-0441.

Respectfully submitted,



Dated: June 20, 2005

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